

**Mount Vernon City Council
Finance Committee
Minutes
October 19, 2016**

Present: Councilmembers Fiedler, Molenaar, Lindquist, Quam, Hudson, Hulst, and Ragan, Mayor Boudreau

Staff present: Finance Director Huschka, Fire Chief Brice, Firefighter Harris, Police Chief Dodd, City Attorney Rogerson, Community Development Director Hyde, Engineering Manager Blaine Chesterfield, Building Official Prosser, Public Works Director Bell, Assistant Public Works Director Love, Wastewater Manager Duranceau, Streets Operations Manager Brickley, Equipment Rental Manager Gary Owens, Solid Waste Assistant Manager Hanson, Enrichment Services Director King, CWP Supervisor Wenzl, Recreation Manager Brookings, Parks Manager Weppler

1. September 28, 2016 minutes were approved.

The Council received a review of the 2017 Preliminary Budget by department:

2. Public Safety

- Police: Chief Dodd presented opening comments that focused on operational priorities of the department. Alicia indicated that there was a 2.4% increase to this budget, most of this is through fixed costs and wage related expenses. The department is requesting a replacement of the radio repeater hardware on Little Mountain for the failing system. A request for the installation of this equipment will be made in the 2018 budget. This department is requesting five new vehicles and continues to recruit for personnel to fill vacant positions in the department.
- Fire Department: Alicia said the 2017 budget is 5.1% higher than the 2016 budget, the majority of which is in wages and related benefits. Chief Brice added that the department requested a Fire inspector position; however the position was not approved. Chief Brice is concerned with the funding for fire hydrant repairs as there are several that are more than 40 years old and parts are not available. Each new hydrant is \$6,400 should one of the older hydrants fail or get damaged. The budget includes a new \$50,000 budget for hydrant replacements. This should be an annual budgeted item.
- Skagit 911 Dispatch budget has increased \$350,893 over the past four years which is a 137% when compared to 2013.
- Skagit County Dept. of Emergency Management is expected to be \$71,000.
- LEOFF 1 Retiree Care reserves fund balance is estimated to be \$388,000 at Dec 31, 2016, and the 2017 annual transfer in from the General Fund is reduced to \$10,000. Mark Hulst noted his concern with lowering this annual transfer.
- City Attorney: Kevin indicated that there are no major changes requested in this budget other than an increase to \$35,000 for outside counsel.

- Municipal Court: This budget increased by 8.3%. This service is contracted with Skagit County District Court for administration of Municipal Court; with the cost of Mount Vernon's share of a district court judge, the payment to Skagit County for provision of these services accounts for 81% of the total budget.
- Public Defense is \$14,000 or 2% higher than the 2016 budget. These expenses are for contracted public defense attorneys. The Mountain Law contract expires at the end of 2016 and there will be a month to month extension. The public defense budget has increased \$406,000 from 2011 to 2017.

3. Public Works Departments:

- Engineering: Esco indicated that there were no new employees requested for 2017. The engineering budget is up 6% compared to 2016. This budget did not contain any requests that would be dependent upon the Transportation Benefit District tax. Bridge inspections and GIS surveying account for \$15,000 of the increases
- Street Fund: This budget increased by only 1.6% This budget includes a \$30,000 request for a salt and sand storage facility with funding to be shared between Street Department and Surface Water. This would eliminate the monthly rental that is currently being paid for this storage.
- Wastewater: This Utility's budget has a 1.8% increase. Alicia reviewed the 6-year forecast worksheet concluding that there is not a need for a rate study.
- Solid Waste: Increased 3.6%; after reviewing the 6-year forecast Alicia suggested that Council consider a rate study in 2018. The tip fee contract expires in 2017 and Andy indicated that there should not be a fee increase, but a fee increase may be likely in 2018.
- Surface Water: Alicia reviewed the 6-year forecast and strongly recommends that a rate study be done in 2017. A rate study budget of \$35,000 is included in the budget. Capital improvements were reviewed and Alicia suggested that certain cuts may be needed in this budget as reserves are significantly drawn down with the budget as presented.

4. Capital Budgets

- Vehicles/ Equipment: Budget is \$1,394,695 and requested vehicles were reviewed.
- General Facilities capital budget is \$1,004,530 for projects that include security updates, roofing projects, fire hydrant replacements, fire communications equipment, downtown flood control project, REET I debt service payments as well as general facility maintenance like painting and carpet replacements.
- Transportation Projects budgets total \$955,200. The annual street overlay project is the main focus for 2017, and additional projects include College Way at I-5 widening, ADA sidewalk projects, Safe Routes to School. The primary funding source is Reet II with grants, traffic impact fees and arterial street funds also providing funding.

- Wastewater Projects budgets total \$2,803,500, of this \$315,000 is for debt service on the PWTF loan. Other projects include sewer extensions, sewer restoration programs and upgrades to the Wastewater plant. There is \$1,000,000 in this budget for the downtown flood control project as well as a transfer to Parks for the Lion's Park restroom project.
- Parks Projects: The various Park projects budgets for 2017 are \$574,000. These projects include improvements to Little Mountain Park for general improvements and the mountain bike skills center; Hillcrest Lodge improvements to the barbeque pit; sewer line replacement and garden area renovations; as well as normal recurring park projects.

5. General Facilities and Community Economic Development

- General Facilities provides the repair and maintenance work for City owned buildings as well as paying for the utilities for these facilities. This budget is up 5.4%.
- Community Economic Development budget increase is 26.3% with most of this increase in professional services. This budget includes a new fte, Planning Coordinator and a conversion of the .75fte permit technician moving to full-time. The \$362,554 increase in the CED budget is supported by related revenues.

6. Parks and Recreation Department: This budget is up 6.3%. The department had requested two new positions that were not approved. Hours were added to the part-time CWP assistant and a new part time position was added to address maintenance of Parks restrooms, the indirect funding for this will be through Wastewater.
7. Library: this budget increased 9.8% with \$50,000 of the increase for a one-time library software update. The majority of the remaining increase is wage and benefit related.

Budget discussions will continue at the October 26, 2016 Finance Committee meeting.

Adjourned at 8:45 p.m.

Submitted by
Rebecca J. Wade